



House Bill 2377

Funding health care and the Working Families Tax Rebate with a voter-approved, temporary sales tax increase



Facing a \$9 billion budget shortfall, Washington lawmakers have made significant cuts to the operating budget. No part of the budget was spared, including deep cuts to programs that many consider vital such as public health, health care for low-income families and long-term care services.

Not everyone is happy with an all-cuts approach to balancing our budget. House Bill 2377 is in response to requests for increased revenue. The bill gives voters an option to approve a temporary increase in sales tax to pay for health care services while providing a Working Families Tax Rebate, a “refund” for low-income workers.

Temporary, targeted and voter-approved

- Appears on the November 2009 general election ballot
- Increases sales tax by 0.3% (6.5% to 6.8%) beginning January 1, 2010, ending December 31, 2012
- Requires another vote of the people or a 2/3 vote of the Legislature to continue the tax increase beyond this timeframe
- Generates about \$350 million each year, or \$485 million for the next biennium (17 months)
- Revenues will be deposited into a new Health Care Trust account. Proceeds from the account will restore funding to numerous health care programs including:
 - Basic Health Plan \$167.4 million
 - Long-term care and nursing homes \$77.3 million
 - Hospital reimbursement \$75 million
 - Mental health care \$24.2 million
 - Health care for children (pediatric rates) \$13.4 million
 - Healthy Options Health Care \$19.2 million
 - Public health \$3 million

Working Families Tax Rebate

A portion of the sales tax (\$105 million) will fund the Working Families Tax Rebate program. Up to 370,000 families would benefit, and benefits will be pegged to federal Earned Income Tax Credit (EITC). Families will earn 5% of their EITC.